

## **FISCAL NOTE**

### **HB 2832 - SB 2999**

February 18, 2000

**SUMMARY OF BILL:** Excludes from the definition of "sale at retail" or "retail sales" for the purpose of calculating business tax any amounts received by a franchised motor vehicle dealer from a manufacturer or distributor of motor vehicles as a "dealer holdback". Defines "dealer holdback" as such agreed-upon sums or amounts of money held by the manufacturer or distributor of motor vehicles out of the proceeds received by such manufacturer or distributor from a franchised motor vehicle dealer for the purchase of motor vehicles which are then remitted to the dealer net of all outstanding obligations of the dealer to the manufacturer or distributor. The change proposed by the bill would be retroactive to tax years beginning on or after January 1, 1993.

### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues - Less Than \$100,000**

**Decrease Local Govt. Revenues - Exceeds \$100,000**

Estimate assumes the following:

- Business tax on car dealers is assessed at the rate of 1/10th of 1% [.001].
- Estimated business taxes collected annually relating to new car dealer holdback values would be sufficient to generate a revenue loss to local governments in excess of \$100,000.
- Estimate assumes that local governments would go back one year under current practices for audit purposes of the business tax. Therefore, the retroactive provision of the bill is not estimated to have a significant impact on the state's share of such taxes.
- Business taxes are allocated as follows:
  - 15% to the state.
  - 85% to local governments.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

**HB 2832 - SB 2999**